GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:747
ANSWERED ON:05.03.2002
DISINVESTMENT OF BPCL AND HPCL
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Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Indian Oil Corporation (IOC) is being barred for participating in bidding venture of Bharat Petro-Chemical Limited (BPCL and Hindustan Petro-chemical Limited (HPCL);

(b) if so, the reasons therefor;

(a) whether such type of restraint would affect the spirit of disinvestment through global tender; and

(d) if so, the factual position in this regard?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH-EASTERN REGION (SHRI ARUN SHOURIE)

(a) to (d): The Government is committed to open up the marketing of petroleum products - in particular, transportation fuels. The opening of marketing of petroleum products is contemplated mainly to bring downward pressure on prices to be charged to the consumer and also enhance service offerings to the customer through competition. The lack of competitive environment leads to the market monopolist losing its motivation to reduce costs and improve the quality of services rendered. In the commodities/manufacturing businesses, even if one dominant player controls the market, the consumer and trader have a choice to import the product. However, in the retail marketing of petroleum products, the consumer has no such option and is forced to accept, at times, the unfair terms or poorer service provided by the monopolist. Therefore, there is need for competition in this sector. All these factors would be kept in view as Government proceeds to disinvest BPCL and HPCL.